

Malaysia

ADD (no change)

Consensus ratings*: Buy 4 Hold 2 Sell 0

Current price:	RM1.81
Target price:	RM2.10
Previous target:	RM2.35
Up/downside:	16.0%
CGS-CIMB / Consensus:	-10.2%
Reuters:	MAGM.KL
Bloomberg:	MAG MK
Market cap:	US\$590.6m
	RM2,601m
Average daily turnover:	US\$0.49m
	RM2.06m
Current shares o/s:	1,437m
Free float:	64.7%
*Source: Bloomberg	

Key changes in this note

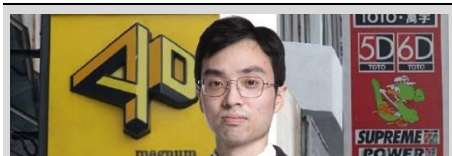
- FY22F core EPS cut by 9.9%.
- Minor changes to FY23-24F core EPS.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.7	-6.2	-11.7
Relative (%)	-0.7	-2.8	-9.7

Major shareholders	% held
Casi Management Sdn Bhd	31.8
Shan Hijauan Sdn Bhd	3.5
AIA Bhd	3.0

Analyst(s)

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Magnum Bhd

1Q22 missed; impending earnings recovery

- 1Q22 results missed on slightly weak NFO sales, investment loss and taxes.
- We now expect NFO sales to sequentially recover in 2Q-3Q22F, with a full recovery to pre-Covid-19 levels in 4Q22F (vs. 3Q22F previously).
- Reiterate Add on Magnum (top NFO pick), with an 11% lower TP of RM2.10.

1Q22 results a miss on weak NFO sales, investment loss and taxes

Magnum's 1Q22 core net profit surged 1.2x yoy to RM17m due to a rebound in number forecast operations (NFO) revenue and lower prize payout ratio, which more than offset the higher fair value loss on investments. Qoq, core net profit fell 18.8% due to higher effective tax rate, despite improved NFO earnings. 1Q22 core EPS was a miss, at 7%/8% of our/Bloomberg consensus FY22F forecasts, owing to slightly weak NFO sales, plus high investment loss and effective tax rate (though the latter two may normalise for the full year). Hence, 1Q22 DPS of 1 sen tracked below our FY22F estimate of 12.5 sen.

NFO sales recovered yoy but was slightly weaker than expected

1Q22 net NFO revenue recovered by 30.5% yoy, as 1Q21 was hit by the closure of 90% of its outlets during the movement control order (from mid-Jan to mid-Feb 21), which affected 18 draws. Nonetheless, the rebound was slightly softer than expected, as NFO sales/draws slid 12.4% yoy (or at c.78% of pre-Covid-19 levels, vs. our projected 85%). 1Q22 NFO sales grew 3.7% qoq, as seasonally stronger Chinese New Year sales drove an 8.6% accretion in sales/draws. Accordingly, 1Q22 NFO PBT tripled yoy to RM41m (+17.4% qoq), further boosted by an estimated 2-4%-pt yoy drop in the prize payout ratio.

Lifting of Covid-19 SOPs to spur further sales recovery in 2Q22F

We gather that NFOs' sales rose to slightly above 85% of pre-pandemic levels as of early-May. We now expect a sequential recovery in NFO sales in 2Q-3Q22F, with a full recovery to pre-Covid-19 levels in 4Q22F (vs. 3Q22F previously), as most Covid-19 SOPs (e.g. mask-donning outdoors and social distancing) have been lifted since 1 May.

Earnings revisions and outlook

We cut FY22F core EPS by 9.9% to factor in a more gradual NFO sales recovery, while FY23-24F's are tweaked slightly for housekeeping. We now see FY22F core net profit rebounding yoy to RM207m (FY21: nil), before rising a further 21.2%/stabilising yoy in FY23F/24F, barring any Covid-19 shocks. DPS is expected to fall to 11.3 sen in FY22F (previous: 12.5 sen, 80% payout), before it is restored to pre-pandemic levels of 16.3/16.2 sen in FY23F/24F (minor changes), still based on a 95% payout.

Reiterate Add; DCF-based TP cut 11% to RM2.10 (WACC: 7.6%)

We cut Magnum's TP after raising the risk-free rate to 4.5% (previous: 3.5%, amid recent rise in government bond yields); the earnings cut is confined to only FY22F. Its FY22-24F yields remain attractive at 6.3-9.0% p.a. Re-rating catalysts: full NFO sales recovery and potential monetisation of its stake in U Mobile. Downside risk: further Covid-19 waves.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	1,673	1,260	2,449	2,803	2,786
Operating EBITDA (RMm)	214.2	87.4	344.4	404.8	400.2
Net Profit (RMm)	21.2	0.2	206.8	250.7	247.9
Core EPS (RM)	0.07	0.00	0.14	0.17	0.17
Core EPS Growth	(59%)	(100%)	125823%	21%	(1%)
FD Core P/E (x)	26	15,838	13	10	10
DPS (RM)	0.09	0.02	0.11	0.16	0.16
Dividend Yield	4.72%	0.83%	6.25%	9.02%	8.92%
EV/EBITDA (x)	15.35	38.75	9.64	8.15	8.21
P/FCFE (x)	35.19	NA	13.78	11.17	11.30
Net Gearing	28.0%	31.7%	28.4%	27.3%	26.7%
P/BV (x)	1.08	1.10	1.08	1.07	1.07
ROE	4.0%	0.0%	8.7%	10.4%	10.2%
% Change In Core EPS Estimates			(9.93%)	0.18%	0.20%
CGS-CIMB/Consensus EPS (x)			1.03	1.08	1.05

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

1Q22 missed; impending earnings recovery

Figure 1: Results comparison

FYE Dec (RM m)	1Q22	1Q21	yoy % chg	4Q21	qoq % chg	Prev. FY22F
Revenue	501	384	30.5	483	3.7	2,636
Operating costs	-448	-358	25.0	-437	2.5	-2,263
Other income	0	0	(67.3)	2	(94.2)	2
EBITDA	53	26	>100	48	11.5	376
<i>EBITDA margin (%)</i>	10.6	6.7	3.9	9.8	0.7	14.3
Depn & amort.	-3	-3	(10.2)	-3	0.0	-11
EBIT	50	23	>100	45	12.2	365
Interest expense	-12	-11	7.0	-11	1.9	-52
Interest income	1	1	16.6	6	(82.4)	9
Investment inc	-8	-0	>100	-11	(29.4)	0
Exceptionals	0	0	25.0	0	(36.4)	0
Pretax profit	32	13	>100	29	11.0	321
Tax	-16	-5	>100	-9	65.5	-93
<i>Tax rate (%)</i>	48.0	42.0	6.1	32.2	15.8	29.0
Minority interests	-0	0	nm	1	nm	2
Net profit	17	8	>100	21	(18.8)	230
Core net profit	17	7	>100	20	(18.8)	230
EPS (sen)	1.2	0.5	>100	1.4	(18.8)	16.0
Core EPS (sen)	1.2	0.5	>100	1.4	(18.8)	16.0
DPS (sen)	1.0	0.0	nm	1.5	(33.3)	12.5

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Key gaming metrics

FYE Dec (RM m)	1Q22	1Q21	yoy % chg	4Q21	qoq % chg
Net NFO revenue	501	384	30.5	483	3.7
Gross NFO revenue (est.)	552	422	30.8	532	3.8
NFO gaming tax (est.)	-44	-34	30.8	-43	3.8
Services tax (est.)	-7	-5	51.6	-7	8.4
Pre-tax profit	41	14	>100	35	17.4
<i>Pre-tax margin</i>	8.1	3.6	4.5	7.2	0.9
Number of draws (adj. for outlet closures)	43	29	49.3	45	(4.4)
Special draws (adj. for outlet closures)	4	3	21.2	6	(33.3)
Normal draws (adj. for outlet closures)	39	26	52.9	39	0.0
Gross NFO revenue/ draw/outlet (est.) (RM)	26,485	30,237	(12.4)	24,382	8.6
Prize payout (est.)	341	274	24.5	334	2.2
<i>Prize payout ratio (est.)</i>	61.8	64.9	(3.1)	62.8	(1.0)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

FYE 31 Dec (RM m)	New				Old			% change		
	FY21	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	1,260	2,449	2,803	2,786	2,636	2,803	2,786	(7.1)	(0.0)	(0.0)
<i>Chg yoy (%)</i>	<i>(24.7)</i>	<i>94.4</i>	<i>14.4</i>	<i>(0.6)</i>	<i>109.3</i>	<i>6.3</i>	<i>(0.6)</i>			
Opex	-1,173	-2,105	-2,398	-2,386	-2,263	-2,402	-2,390	(7.0)	(0.2)	(0.2)
Other income	1	0	0	0	2	2	2	(100.0)	(100.0)	(100.0)
EBITDA	87	344	405	400	376	403	399	(8.4)	0.3	0.4
<i>Chg yoy (%)</i>	<i>(59.2)</i>	<i>294.2</i>	<i>17.5</i>	<i>(1.1)</i>	<i>330.5</i>	<i>7.3</i>	<i>(1.2)</i>			
<i>EBITDA margin (%)</i>	<i>6.9</i>	<i>14.1</i>	<i>14.4</i>	<i>14.4</i>	<i>14.3</i>	<i>14.4</i>	<i>14.3</i>	<i>(0.2)</i>	<i>0.0</i>	<i>0.1</i>
Depn & amort.	-12	-11	-12	-12	-11	-12	-12	(0.0)	(0.0)	(0.0)
EBIT	76	333	393	388	365	392	387	(8.7)	0.3	0.4
Net interest expense	-37	-43	-41	-40	-43	-41	-40	0.1	0.4	0.8
Others	-13	0	0	0	0	0	0	nm	nm	nm
Pretax profit	25	290	352	348	321	351	347	(9.9)	0.3	0.4
Tax	-27	-84	-103	-102	-93	-102	-101	(9.6)	0.7	0.7
Minority interests	2	2	2	2	2	2	2	0.0	0.0	0.0
Net profit	0	207	251	248	230	250	247	(9.9)	0.2	0.2
<i>Chg yoy (%)</i>	<i>(99.1)</i>	<i>112,299.8</i>	<i>21.2</i>	<i>(1.1)</i>	<i>124,695.5</i>	<i>9.0</i>	<i>(1.1)</i>			
Core net profit	0	207	251	248	230	250	247	(9.9)	0.2	0.2
<i>Chg yoy (%)</i>	<i>(99.8)</i>	<i>125,822.8</i>	<i>21.2</i>	<i>(1.1)</i>	<i>139,709.8</i>	<i>9.0</i>	<i>(1.1)</i>			
EPS (sen)	0.0	14.4	17.4	17.3	16.0	17.4	17.2	(9.9)	0.2	0.2
<i>Chg yoy (%)</i>	<i>(99.1)</i>	<i>112,299.8</i>	<i>21.2</i>	<i>(1.1)</i>	<i>124,695.5</i>	<i>9.0</i>	<i>(1.1)</i>			
Core EPS (sen)	0.0	14.4	17.4	17.3	16.0	17.4	17.2	(9.9)	0.2	0.2
<i>Chg yoy (%)</i>	<i>(99.8)</i>	<i>125,822.8</i>	<i>21.2</i>	<i>(1.1)</i>	<i>139,709.8</i>	<i>9.0</i>	<i>(1.1)</i>			
DPS (sen)	1.5	11.3	16.3	16.2	12.5	16.2	16.0	(9.6)	0.7	0.7
Net debt/EBITDA (x)	8.66	2.00	1.65	1.64	1.83	1.64	1.63			
Capex	-5	-13	-13	-13	-13	-13	-13	0.0	0.0	0.0
Key gaming metrics										
Net NFO revenue	1,259	2,449	2,803	2,786	2,636	2,803	2,786	(7.1)	(0.0)	(0.0)
Gross NFO revenue	1,387	2,703	3,093	3,075	2,910	3,093	3,075	(7.1)	(0.0)	(0.0)
<i>Chg yoy (%)</i>	<i>(24.9)</i>	<i>94.9</i>	<i>14.4</i>	<i>(0.6)</i>	<i>109.8</i>	<i>6.3</i>	<i>(0.6)</i>			
NFO gaming tax	-111	-216	-247	-246	-233	-247	-246	(7.1)	(0.0)	(0.0)
Services tax	-16	-38	-43	-43	-41	-43	-43	(7.1)	(0.0)	(0.0)
Pre-tax profit	36	288	350	346	318	347	343	(9.6)	0.7	0.7
<i>Pre-tax margin</i>	<i>2.8</i>	<i>11.7</i>	<i>12.5</i>	<i>12.4</i>	<i>12.1</i>	<i>12.4</i>	<i>12.3</i>			
Total no. of draws (adj. for outlet closures)	110	168	168	167	168	168	167	0.0	0.0	0.0
Gross NFO revenue/draw/outlet (RM)	26,038	33,171	37,963	37,963	35,708	37,963	37,963	(7.1)	(0.0)	(0.0)
Prize payout	885	1,622	1,856	1,845	1,746	1,856	1,845	(7.1)	(0.0)	(0.0)
<i>Prize payout ratio</i>	<i>63.8</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>			

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Our revised DCF-based target price for Magnum is RM2.10 (WACC: 7.6%, terminal growth rate: 1.0%)

FYE 31 Dec (RM m)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EBIT (1-t)	236	278	275	270	262	254	246	238	230	222
Depreciation & amortisation	10	10	10	10	10	11	11	11	11	11
Capex	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13
FCFF	232	275	272	267	259	251	243	236	228	220
Terminal value										3,391
NPV of FCFF	216	238	218	200	180	162	146	132	118	1,743
Enterprise value	3,353									
Investment securities as at end-FY21F	424									
Net cash/(debt) as at end-FY21F	-756									
Equity value	3,021									
Basic no. of shares (m)	1,437									
Fair value per share (RM)	2.10	<i>Rounded to the nearest 5 sen</i>								

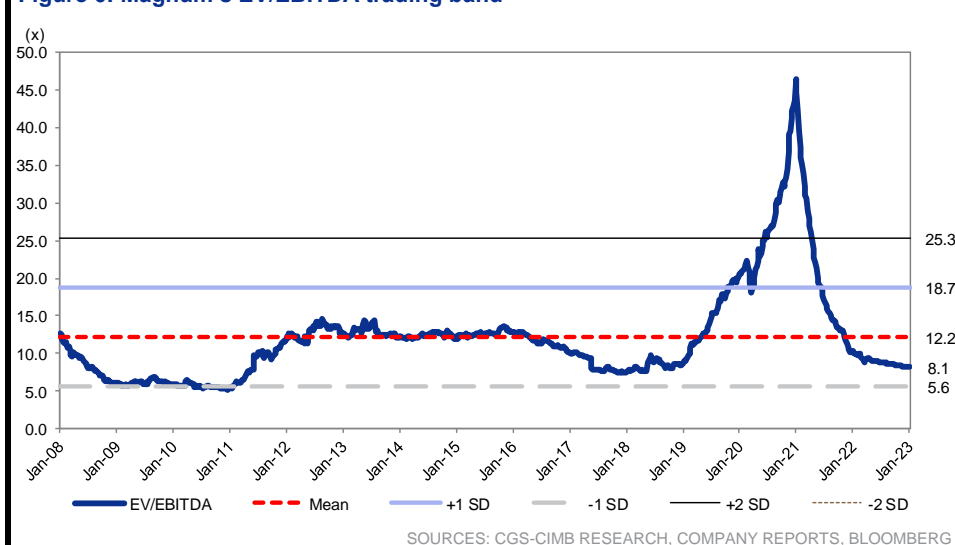
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Sensitivity of Magnum's TP to changes in WACC and terminal growth rate

WACC/Terminal growth rate	0.0%	0.5%	1.0%	1.5%	2.0%
6.5%	2.28	2.39	2.52	2.68	2.87
7.0%	2.11	2.20	2.30	2.43	2.58
7.6%	1.94	2.02	2.10	2.20	2.32
8.0%	1.83	1.89	1.96	2.05	2.15
8.5%	1.71	1.77	1.83	1.90	1.98

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Magnum's EV/EBITDA trading band



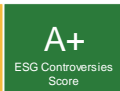






SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 7: Regional gaming sector comparison

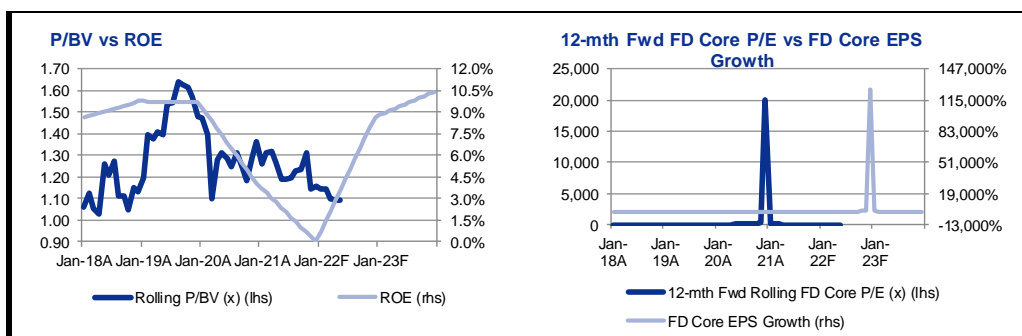
Company	Bloomberg Ticker	Recom.	Current Price (local curr.)	Target Price (local curr.)	Mkt Cap (US\$ m)	Core P/E (x)		EV/EBITDA (x)		3-year CAGR (%)		Dvd yield (%)	
						2022F	2023F	2022F	2023F	EPS	EBITDA	2022F	2023F
Genting Malaysia	GENM MK	ADD	3.03	3.40	3,897	18.9	11.5	8.8	6.9	nm	100.3	4.8	6.6
Genting Bhd	GENT MK	ADD	4.86	6.85	4,249	23.4	14.8	7.6	6.6	nm	37.3	3.1	4.5
Sports Toto	SPTOTO MK	ADD	1.90	2.40	578	16.1	10.2	10.0	7.5	7.0	7.8	4.3	9.3
Magnum	MAG MK	ADD	1.81	2.10	591	12.6	10.4	9.6	8.1	1,047.1	66.1	6.2	9.0
Malaysia gaming average (ex-outliers)						17.8	11.7	9.0	7.3	7.0	9.1	4.6	7.4
Genting Singapore	GENS SP	ADD	0.77	0.92	6,722	38.2	20.4	10.0	7.1	52.4	34.3	3.2	3.2
Singapore gaming average (ex-outliers)						38.2	20.4	10.0	7.1	52.4	34.3	3.2	3.2
Paradise	034230 KS	ADD	15,000	23,000	1,068	209.5	65.6	24.7	21.1	nm	113.4	0.7	0.7
Grand Korea Leisure	114090 KS	ADD	14,150	21,000	685	nm	10.2	nm	9.3	nm	nm	4.6	4.6
Kangwon Land	035250 KS	ADD	26,650	36,000	4,462	21.1	16.0	8.3	5.0	nm	nm	3.4	3.4
South Korea gaming average (ex-outliers)						21.1	13.1	16.5	11.8	nm	nm	2.9	2.9
Regional casino average (ex-outliers)						25.4	14.6	11.9	9.3	52.4	35.8	3.3	3.8
Regional NFO average (ex-outliers)						14.4	10.3	9.8	7.8	7.0	7.8	5.3	9.2

Note: Share prices as of 19 May 2022, EPS & EBITDA CAGR are for FY21-24F
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
	     
<p>ESG in a nutshell</p> <p>We are of the view that Magnum has done fairly well in each of the Environmental, Social and Governance pillars. While NFOs generally consume less energy and lead to less carbon emissions vs. casinos, we are encouraged by Magnum's efforts to reduce carbon emissions (e.g. replacing existing lighting to energy-efficient LED amid the ongoing rebranding exercise at its NFO outlets, upgrading existing generator sets to be more fuel-efficient etc.) and waste (automating/digitalising internal processes and communications to reduce paper usage/wastage). The former resulted in a 40% average savings in energy usage (14% energy cost savings at the office), and the latter yielded a 22% reduction in paper usage yoy in 2020. There were also no major ESG controversies in 2020.</p>	
<p>Keep your eye on</p> <p>We believe Magnum leads the Malaysian gaming industry in terms of Governance, owing to its: i) compliance with the 9-year term limit for all independent directors, as recommended by the Malaysian Code on Corporate Governance 2017 (MCCG), and ii) good ethnic diversity in its board of directors. That said, we think Magnum could improve on its i) board independence (independent directors made up only 33% of the board in 2020, vs. >50% recommended by MCCG), ii) board gender diversity (only 1 woman on the board [17%] in 2020, vs. >30% prescribed by MCCG), and iii) disclosures of individual remuneration on named basis for each member of the board/senior management team.</p>	<p>Implications</p> <p>We have not factored Magnum's decent Governance standing into our earnings forecasts/valuation at this juncture, as the latter is more likely to be impacted by business-specific issues, such as the proliferation of illegal NFOs and regulatory developments, in our view.</p>
<p>ESG highlights</p> <p>On responsible gaming initiatives, Magnum has achieved WLA's Responsible Gaming Level 2 Certification and is now working towards Level 3 Certification. It has also appointed additional members onto its Responsible Gaming committee to ensure its operations are managed in a manner that is responsible to punters and the community.</p>	<p>Implications</p> <p>Hence, we believe Magnum ranks on par with the best lottery companies globally, in terms of its reputation in promoting responsible gaming practices. Further improvements on this front could be an upside risk that may help to allay investors' ESG concerns towards Magnum.</p>
<p>Trends</p> <p>According to Magnum's FY20 annual report, Magnum was the first Asian lottery company to attain the World Lottery Association-Security Control Standard (WLA-SCS) certification, and continued to renew both the WLA-SCS and ISO/IEC 27001:2013 standards for the third cycle (3-year renewals). Moreover, Magnum has developed stringent Draw SOPs on Lottery Draw Policy & Control to safeguard the integrity of draw proceedings, adhering to Lottery Draw Management guidelines/controls advocated by WLA, with annual audits done by WLA-certified auditors and periodic management reviews to ensure full compliance.</p>	<p>Implications</p> <p>We have not applied a premium/discount to Magnum's valuation despite proactive efforts in preventing fraud, money laundering and corruption. Nonetheless, potential further improvements in ESG disclosures/performance in the medium to longer term could help it garner more interest from ESG-centric investors, in our view.</p>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, REFINITIV

BY THE NUMBERS



Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	1,673	1,260	2,449	2,803	2,786
Gross Profit	1,673	1,260	2,449	2,803	2,786
Operating EBITDA	214	87	344	405	400
Depreciation And Amortisation	-13	-12	-11	-12	-12
Operating EBIT	201	76	333	393	388
Financial Income/(Expense)	-36	-37	-43	-41	-40
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	-4	-13	0	0	0
Profit Before Tax (pre-EI)	161	25	290	352	348
Exceptional Items	-17	0	0	0	0
Pre-tax Profit	144	25	290	352	348
Taxation	-123	-27	-84	-103	-102
Exceptional Income - post-tax					
Profit After Tax	21	-1	205	249	246
Minority Interests	-0	2	2	2	2
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	21	0	207	251	248
Recurring Net Profit	98	0	207	251	248
Fully Diluted Recurring Net Profit	98	0	207	251	248

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	214.2	87.4	344.4	404.8	400.2
Cash Flow from Inv. & Assoc.					
Change In Working Capital	1.7	(26.2)	0.0	0.0	0.0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(17.3)	(0.9)	0.0	0.0	0.0
Net Interest (Paid)/Received	(47.9)	(46.6)	(52.1)	(51.3)	(50.5)
Tax Paid	(117.7)	(48.8)	(84.4)	(102.7)	(101.5)
Cashflow From Operations	33.0	(35.1)	207.8	250.8	248.1
Capex	(14.6)	(4.6)	(13.0)	(13.0)	(13.0)
Disposals Of FAs/subsidiaries	0.0	0.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(0.0)	(15.0)	0.0	0.0	0.0
Other Investing Cashflow	6.2	15.3	8.9	10.1	10.1
Cash Flow From Investing	(8.4)	(4.1)	(4.1)	(2.9)	(2.9)
Debt Raised/(repaid)	48.8	0.0	(15.0)	(15.0)	(15.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(107.0)	(28.7)	(134.7)	(225.5)	(232.8)
Preferred Dividends					
Other Financing Cashflow	(49.0)	(47.1)	(53.8)	(53.0)	(52.2)
Cash Flow From Financing	(107.3)	(75.8)	(203.5)	(293.5)	(300.0)
Total Cash Generated	(82.7)	(115.1)	0.2	(45.6)	(54.7)
Free Cashflow To Equity	73.4	(39.2)	188.7	232.9	230.3
Free Cashflow To Firm	72.6	7.4	255.9	299.2	295.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	273	193	245	251	246
Total Debtors	44	47	131	73	129
Inventories	2	1	5	2	5
Total Other Current Assets	30	60	60	60	60
Total Current Assets	349	301	440	385	440
Fixed Assets	66	60	62	63	64
Total Investments	399	389	389	389	389
Intangible Assets	2,738	2,738	2,738	2,738	2,738
Total Other Non-Current Assets	24	22	22	22	22
Total Non-current Assets	3,227	3,210	3,211	3,212	3,214
Short-term Debt	190	175	175	175	175
Current Portion of Long-Term Debt					
Total Creditors	198	169	214	222	212
Other Current Liabilities	8	3	6	6	6
Total Current Liabilities	396	346	395	403	393
Total Long-term Debt	759	774	759	744	729
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6	5	68	5	70
Total Non-current Liabilities	765	779	827	749	800
Total Provisions	1	1	1	1	1
Total Liabilities	1,161	1,126	1,223	1,153	1,194
Shareholders' Equity	2,392	2,363	2,407	2,423	2,439
Minority Interests	23	21	21	21	21
Total Equity	2,415	2,384	2,428	2,444	2,460

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(38.2%)	(24.7%)	94.4%	14.4%	(0.6%)
Operating EBITDA Growth	(45%)	(59%)	294%	18%	(1%)
Operating EBITDA Margin	12.8%	6.9%	14.1%	14.4%	14.4%
Net Cash Per Share (RM)	-0.47	-0.53	-0.48	-0.47	-0.46
BVPS (RM)	1.68	1.64	1.67	1.69	1.70
Gross Interest Cover	4.20	1.62	6.39	7.66	7.69
Effective Tax Rate	85%	105%	29%	29%	29%
Net Dividend Payout Ratio	322%	NA	79%	94%	94%
Accounts Receivables Days	8.82	13.24	13.24	13.24	13.28
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	5.7%	2.1%	9.2%	10.7%	10.8%
ROCE (%)	6.2%	2.1%	10.2%	12.0%	11.8%
Return On Average Assets	1.83%	0.76%	6.65%	7.74%	7.64%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Gross NFO revenue (RM m)	1,847.0	1,386.6	2,702.8	3,093.3	3,074.9
Gross NFO revenue/draw/outlet (RM)	30,223.7	26,038.4	33,171.1	37,963.5	37,963.5
NFO gaming tax rate (%)	8.0%	8.0%	8.0%	8.0%	8.0%
No. of draws	126.0	109.8	168.0	168.0	167.0
No. of games	4.0	4.0	4.0	4.0	4.0
Est. prize payout ratio (%)	59.4%	63.8%	60.0%	60.0%	60.0%
Pool betting duty rate (%)	8.0%	8.0%	8.0%	8.0%	8.0%
NSC contribution rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%
Special draw contribution rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%
No. of outlets	485.0	485.0	485.0	485.0	485.0

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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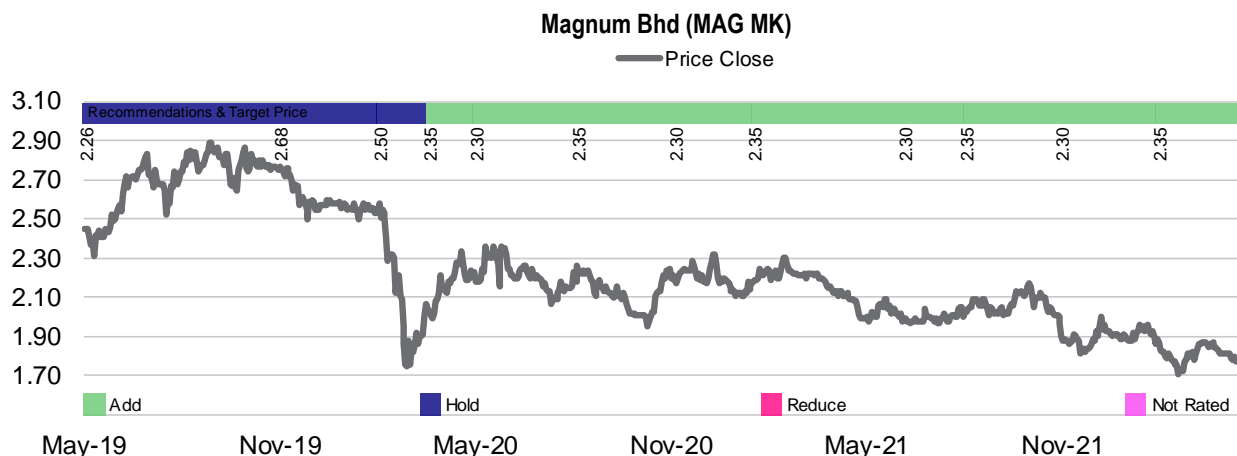
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.